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An examination of factors that hinder and programs that stimulate Papuan entrepreneurs

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Summary

This report describes the results of a study on entrepreneurship in the Indonesian province Papua. The study was performed for Oikonomos Foundation to help evaluating the current entrepreneurship support programs and to identify future challenges.

Seven important difficulties for Papuan entrepreneurs are identified (in order of relevance):

- Social structures: Entrepreneurs give away goods or cash to family relatives, with the result that no reinvestments can be made.
- Capital, bookkeeping and savings: Lack of good bookkeeping causes irresponsible expenses.
- Motivation, discipline and focus: Lack of discipline and the right motive to work hard for the business.
- Transport: Lack of transport infrastructure in Papua.
- Mindset: Not used to the investment-revenues-reinvestment principle.
- Exclusion and corruption: Papuans often pay higher prices than non-Papuans, and corruption causes that Papuans cannot 'get things done'.
- High prices: Raising prices of supplies causes difficulties with appropriate margins.

In order to improve entrepreneurship support, we recommend the following:

- Create and cultivate role models. (agents of change)
- Screen entrepreneurs on their potential
- More attention to private book keeping and savings
- Follow-up for trainings
- Include more attention to social and cultural aspects in the trainings

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Introduction

This report describes the results of a study on entrepreneurship in the Indonesian province Papua. The study was performed for Oikonomos Foundation to help evaluating the current entrepreneurship support programs and to identify future challenges.¹ The data collection was mainly carried out in the Wamena region, where the subsidiary of Oikonomos Foundation, Yayasan Oikonomos Papua (YOP), finds its working area.

Data collection and analysis

The data collection is designed to create a representative picture of the examined field. We draw on four sources of data: surveys, interviews, reports and academic literature. The surveys and structured interviews cover both support professionals and entrepreneurs (see Appendix A for a list of all respondents). The surveys are sent to support organizations, to people who know how to deal with surveys (18). In four cases, we interviewed support professionals, and in four cases we performed an interview in addition to the survey. With regard to entrepreneurs, we performed mostly interviews (6). In one case we were able to use just a survey, and in three cases we performed both a survey and an interview. In total, we had 32 respondents.

Written documents and literature was used to check and refine the information obtained from our interviews and surveys. Documentation exists of reports from NGO's, both public and internal reports. Academic literature about Papua is relatively scarce, but there are some very valuable sources with regard to our topic, like Mueller's (2005) dissertation about entrepreneurship in Papua.

To carefully draw conclusions from our data, we used a qualitative (cf. Strauss and Corbin, 1990) rather than a quantitative analysis method. We carefully analyzed the results and clustered findings around different problems, support programs and suggestions. Subsequently, we tried to collect as much evidence as possible for each of these different clusters (that can be found in the next sections).

Structure of the report

This report proceeds as follows. First, we sketch the setting of entrepreneurship in Papua. Second, we analyze the major obstacles for Papuan entrepreneurs. Subsequently, we discuss how support programs help to reduce these obstacles. Finally, we conclude with a number of recommendations with regard to entrepreneurship stimulation in Papua, especially for Yayasan Oikonomos Papua.

¹ My warmest thanks to Marnix Balke for his support in performing this study, and to Oikonomos Foundation for the financial and facilitative support. Furthermore, I thank the colleagues working at Yayasan Oikonomos Papua for their support and help; my special thanks go to Fredy Chondy.

1. Entrepreneurship in Papua

As often is remarked, entrepreneurship is one of the ways for sustainable development of underdeveloped regions (UNDP, 2005a: 43; UNDP, 2004). In this section, we provide some general background information about entrepreneurship in the Indonesian province Papua. This information is based on our own interviews and surveys, official data provided by Badan Pusat Statistik (BPS) Papua,² and recent publications, like Mueller (2005) and UNDP reports.

Economic sectors

According to the data of BPS, the Gross Regional Product of Papua is dominated by the mining sector and Agriculture (see Table 1). The mining production is predominantly result of the exploitation of the Freeport gold and copper mine in Tembagapura, but employing only 0,6% of the workforce (UNDP, 2005b: 7). For indigenous Papuans, agriculture is the main economic activity (UNDP, 2005a: 40), 75% of the Papuan workforce is active in this sector. In the Highlands - the Wamena region, called Jayawijaya, is located in the Baliem-valley at 1600 meters above sea level - agriculture dominates: growing pigs and sweet potatoes. The gardening is mainly used for own consumption and driven by the women.

Table 1: GDRB in Papua in mln. Rp. (source: BPS)

Industrial Origin	2001	2002	2003	2004	2005
Agriculture	2,802,302.77	3,297,252.72	3,667,962.93	3,913,769.00	4,555,840.66
Mining and Quarrying	14,875,544.82	14,571,241.37	14,692,017.33	14,291,971.49	31,248,690.67
Industries	407,572.24	452,374.53	537,853.28	623,152.97	707,230.89
Electricity and Water Supply	29,496.97	43,374.75	57,315.30	65,351.08	72,479.83
Construction	724,742.27	842,418.82	989,439.28	1,248,208.04	1,537,839.01
Trade, Hotels, and Restaurants	816,037.62	1,000,207.95	1,224,486.21	1,489,545.99	1,751,934.53
Transport and Communication	564,718.17	679,542.68	926,104.13	1,173,072.93	1,501,538.96
Financial, Ownership & Business Services	191,119.94	215,880.10	241,620.04	311,400.52	366,287.88
Services	1,178,782.91	1,446,003.31	1,553,285.79	1,726,431.71	1,895,737.53
GRP	21,590,317.72	22,548,296.24	23,890,084.29	24,842,903.74	43,637,579.95

Financial sector

For sustainable development, a region needs strong financial institutions. As Timberg (2001) reports, these institutions are lacking in Papua (cf. Giesen). Possible reasons are lack of experience with credits in Papua, or the poorly administered programs (governmental grants). As Table 2 shows, the few banks which provide small-scale credit in the region are generally decreasing their credits. The only bank that seems to increase its activities, is BPR, which started from an NGO impulse.

² Data integrity is not always ensured, see UNDP (2005b).

Table 2: Credits, client savings and utilization by banks in Papua (source: Mueller, 2005: 14)

Year	Credits (mln. Rp.)	Client savings (mln. Rp.)	Utilization of savings by credits (%)
1994/1995	550.432	723.537	76,1
1995/1996	682.021	908.177	75,1
1996/1997	805.049	1.080.986	74,5
1997/1998	1.650.613	1.563.726	105,6
1998/1999	880.574	2.459.419	35,8
1999/2000	956.490	2.553.800	37,5

Papuan entrepreneurs

The support professionals we interviewed and surveyed reported that they perceive that about 25% of Papuan businesses are still alive five years after their establishment. That is quite a low number. Therefore, we also asked for the aspects where Papuan entrepreneurs are good at or have difficulties with. Figure 1 summarizes these results. On the vertical axis of this figure, the average business capability as perceived by support professionals is displayed (1= weak and 3=strong). On the horizontal axis, the different capabilities are listed. This figure shows, first of all, that Papuan entrepreneurs are perceived as weak entrepreneurs (all average scores are below 2, which is be the middle between 1 and 3). Furthermore, we observe that Papuan entrepreneurs have especially little capabilities with regard to *administration, machinery, financial recourses, and relationships with legal entities*. On the other hand, the strongest capabilities are in the fields of *market knowledge, marketing, sales, production and purchasing* (although the values are still low).

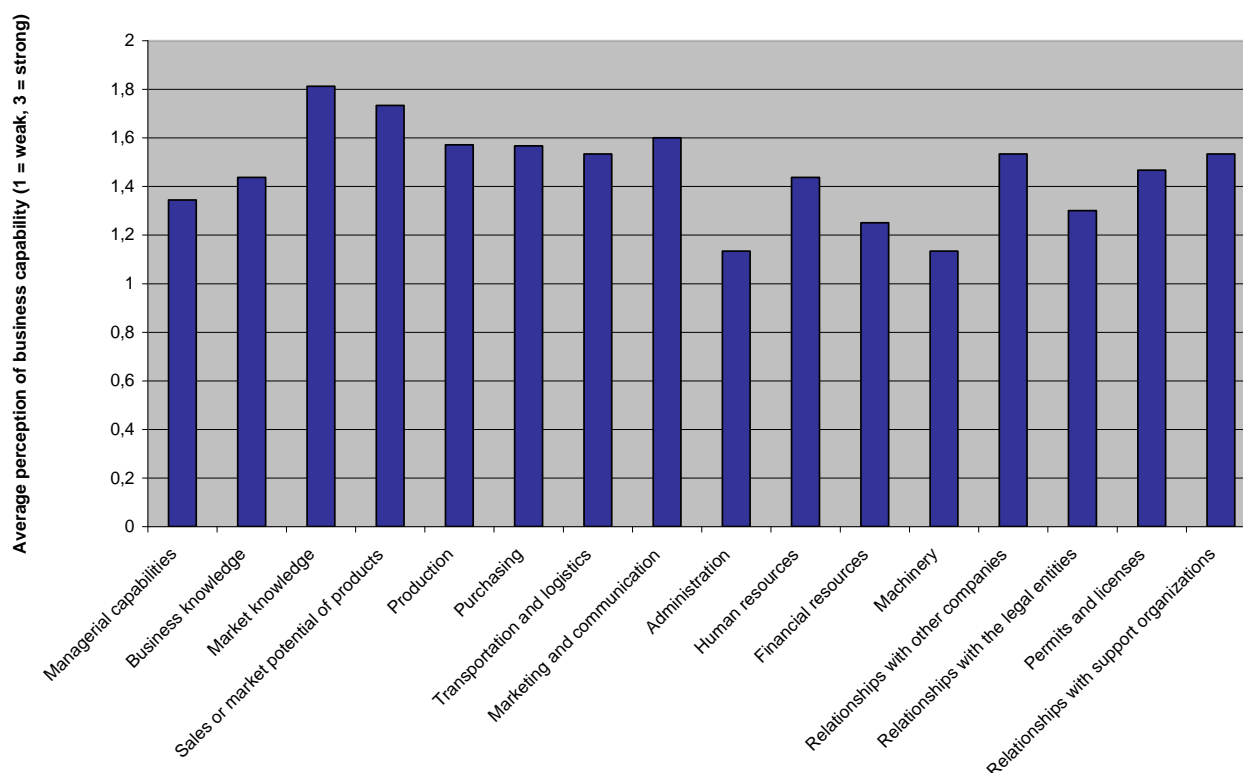


Figure 1: Business capabilities of Papuans as perceived by support professionals

Furthermore, we asked these respondents from support organizations for their perceptions of the major failure factors, because this could give insight in what knowledge and skill areas need further development. Figure 2 shows that the major failure factors for Papuan entrepreneurs are:

- Loyalty to the family
- Money management
- Social pressure to give goods/money for free
- Human resources
- Book keeping

We have to remark here that we had an open question for additional factors, which resulted in many remarks about social and cultural factors. In the next section, we will discuss these different factors in depth.

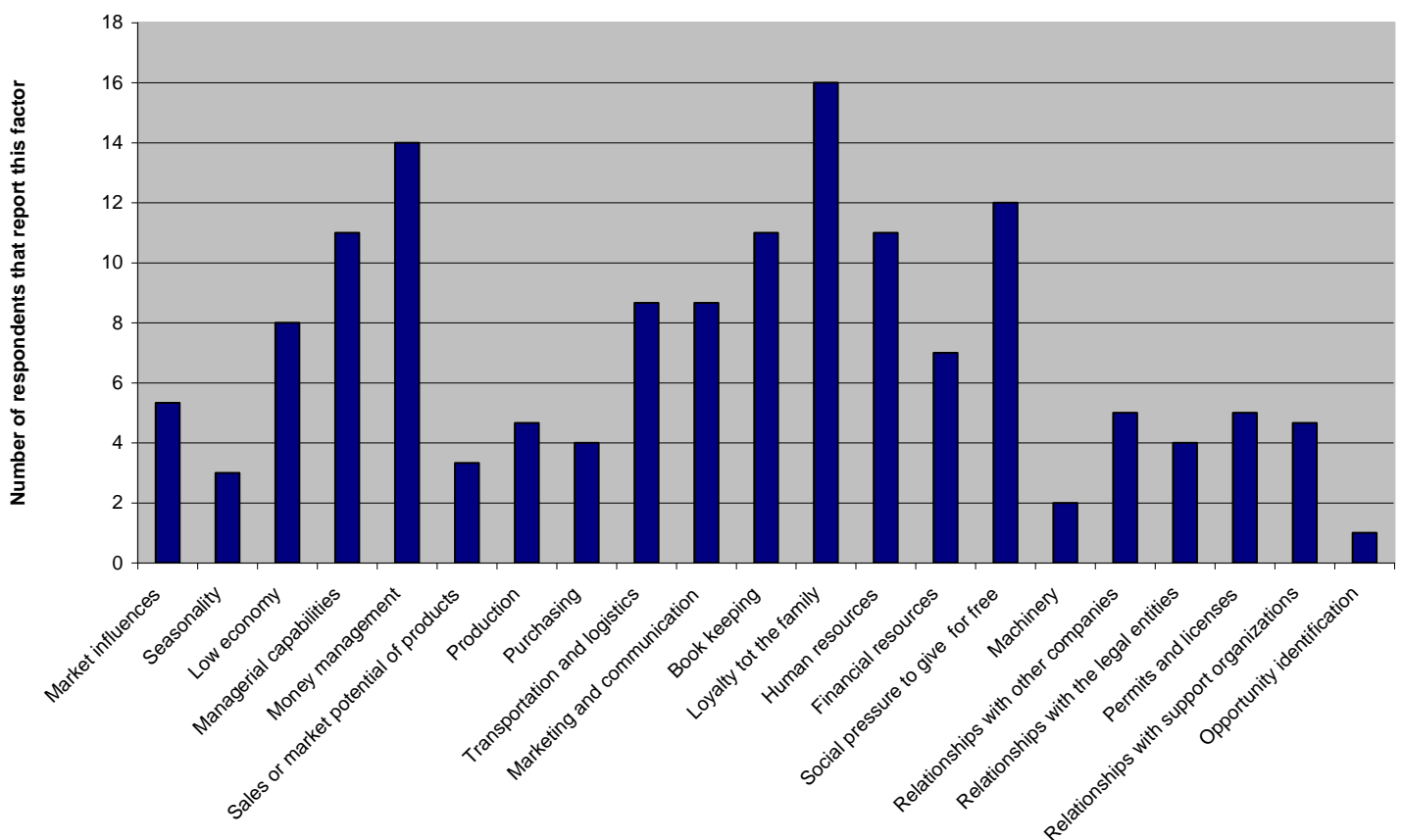


Figure 2: Failure factors for Papuan entrepreneurs as perceived by support professionals

2. Obstacles to entrepreneurship

In this section, the different obstacles as reported by our respondents are discussed. The discussion is structured in order of relevance; the most frequently reported obstacles first. If possible, we relate our findings to the literature about entrepreneurship among Papuans. For a summary of this discussion, see Table 3.

Table 3: Obstacles to entrepreneurship

Obstacles to entrepreneurship	Aspects / explanation
Social structures	Entrepreneurs give away goods or cash to family relatives, with the result that no reinvestments can be made. Business capital is also spent to traditional events. Giving goods away creates high social status (Big men). Strong egalitarian culture creates objections against successful entrepreneurs.
Capital, bookkeeping and savings	Lack of good bookkeeping causes irresponsible expenses. 'Social structures' cause cash outlays. Entrepreneurs have loan or subsidy addiction.
Motivation, discipline and focus	Lack of discipline to work hard for the business. Combining business with other job. Motive for being an entrepreneur is not income or independency, but status.
Transport	Lack of transport infrastructure in Papua.
Mindset	Not used to the investment-revenues-reinvestment principle. Short-term thinking: spending the revenues directly and not doing maintenance. 'Motivation' obstacle undermines the motive of profit-seeking entrepreneurship.
Exclusion and corruption	Papuans often pay higher prices than non-Papuans. Papuans often are wrongly informed in their purchases. Corruption causes that Papuans cannot 'get things done'.
High prices	Raising prices of supplies causes difficulties with appropriate margins. Related to mindset where 'one = one'.

Social structures

For the Papuans we interviewed, the family relationships are very important. Property basically belongs to the family rather than to the individual. However, some family members are more important, like the uncle from mothers side or the elder brother, so they can demand gifts from members lower on the social ladder. Because there is no separation between business and private property, family members can also ask for stock or earnings from the venture (cf. Mueller, 2005: 128; cf. Woord en Daad, Job Income Programme). This happens often and is one of the reasons that many Papuan ventures fail. Sometimes, social pressure is enacted by laying a curse on someone's business.

The problem that results from this social system, is that stock or earnings cannot be reinvested. Often, family members formally agree with the business idea and say they will pay later on when they take stock from, for example, a 'kios', a little stall. Formally, they buy the goods on a credit account, called 'sistem bon', but both the entrepreneur and the 'client' know that he probably will never see his money. This does not just happen to stock, but also to the earnings. As a result of all these 'gifts', the chainsaw cannot be repaired, or the stock cannot be replenished.

One social aspect that increases this problem are the costs of 'adat' events. Rituals around funerals, weddings and birth are expensive. Family members that have any property that can be used for these rituals should contribute to the costs. Especially funerals can be very expensive for the family, because in many tribes the family also has to settle old debt with their creditors. An additional effect of these ceremonies is that it is time consuming (some days), with the result that there is no income from business during these days.

Not only is the high social pressure causing difficulties for entrepreneurs, another aspect is the need for equality among tribe or family members. In the traditional culture, there was no individual property, or at least not more than was needed for one's daily needs, other goods were given to family or people that needed them (Hayward, 1983). A number of entrepreneurs and support professionals report that people who tower above their neighbors or relatives are treated with strong jealousy or prevented from towering above them (cf. Mueller, 2005: 127, 128; Sillitoe, 2000: 105). This is a difficulty, because in general, entrepreneurship is stimulated by the drive to excel and to become independent.

Capital, bookkeeping and savings

All Papua entrepreneurs report that capital is a major obstacle for them. As one entrepreneur said: 'After I have paid the current loan back, I will ask for a new loan for the next period, because I want to grow.' And another one: 'I need to transport my material out of Pass Valley, but I don't have the means to pay the transport. So, I cannot get new rotan and produce furniture.' Obviously, these entrepreneurs have problems with their cash flow and therefore experience difficulties in running and maintaining their business (cf. Woorden Daad, Job Income Programme).

It is interesting to note that all the entrepreneurs reported a capital problem, whereas just six of the support professionals mentioned it. This indicates that support professionals do not see capital shortage as the main problem, but the underlying causes that they report more frequently.

We can discern three interrelated direct causes for the lack of capital. First, entrepreneurs have difficulties to do their book keeping. Even if they do have some kind of book keeping, they often do not know if they make loss or profit. However, they still use money from their business for private expenses, with the result that they finally end up without money to pay next investments. Second, as already mentioned above, much money or even stock is taken from the venture, without payments. This causes cash leakage. A factor that makes it easier to take cash from the business is that there are usually no savings that are kept separate from all-day transactions. All cash is used for payments shortly after it is acquired. Third, many entrepreneurs are used to the situation where they receive money

from the government or from NGO's (cf. McEwan, 2001). This has created a situation where they expect that they will not only receive a start capital, but also funding after the start capital has been spent. In many cases, they were also funded for the next stage. So, these entrepreneurs are sometimes used to run their business from funding instead from their turnover and profit. This causes that they remain dependent from the financial support. This is also visible in the stance of many entrepreneurship training participants: a training should be accompanied by supplying them with capital or at least a expenses coverage for their participation.

Motivation, discipline and focus

A lack of motivation and discipline or having the wrong motivation is mentioned by the majority (10) of the people we interviewed or surveyed from support organizations. They report that Papuan entrepreneurs are often not motivated to work hard for their business, to make it a success. Some say they do not have the discipline to work hard (cf. Woord en Daad, Job Income Programme). This can be explained from the traditional living environment, where the people were used to work for what they needed, and not for making profits (Hayward, 1983). Furthermore, it is reported that many Papuans miss focus on their business, because they want to have income from for example a government employment, and besides that, they want to run a business. Others relate it more to the motivations of these entrepreneurs to run their business. What turns out is that a lot of Papuan entrepreneurs do not have the goal to obtain significant amounts of money with their venture, or to make it a solid company. In these cases, they often have more socially embedded motivations. Having a venture is good for their social status. Cury (2005) states that Papuan kiosks are means to give away goods, which is a way to establish a higher status, because the people with the highest status are those people that can give many gifts (cf. Sillitoe, 2000; Hayward, 1983). Furthermore, in some cases, establishing a business was primarily a means to obtain funding. This funding is subsequently used for establishing for example a kiosk. However, the stock and cash was taken out of the kiosk, with the result that the venture ceased. It is interesting to note that just one (experienced) Papuan entrepreneur noted this problem, whereas most of the support professionals saw this obstacle. This indicates that many entrepreneurs are not aware of this issue.

Transport

Especially for entrepreneurs in the villages, transport a huge problem (Garnaut and Manning, 1974). In large parts of Papua, there is no or just little transport by car possible. Many villages have to be reached by small plane, which makes transport very expensive. An additional problem is that the pilots close the flight strips in the villages often, because of lack of maintenance at the strip. The maintenance of these strips is the responsibility of the village community. For example, the strip in Kobakma has been closed for several months, which caused that tons of peanuts could not be transported and became moldy. Selling products in the own village often is difficult, because the margin is low because of much supply of certain goods. Therefore, selling these goods in other villages or in the city would be more profitable.

Mindset

Many Papuans have not the mindset that an ideal-type entrepreneur should have, as many support professionals remark. This can easily be explained by the fact that the market driven economy relatively recently entered their live or their cultures. In the past, large-scale or daily trading was not an essential part of their lives (Cannegieter, 1959: 61; Peters, 1975: 70). First, they are not known with the investment principle. Papuans are used to think on the short term about money: selling products and spending the revenues directly on daily costs (Hayward, 1983). Related to this, maintenance of machinery is problematic. As one trainer reported: 'Maintenance is not part of the culture; they don't think on the long term about business and operating machinery. In the past, they had a garden. After the garden was worn out, they just made a new garden. The same happens with machinery. When it's broken, you just buy new.' Finally, as already discussed above, the motivation for starting a business is often not primarily to earn profits for the individual entrepreneur. Observing this fact from a Western view (Mueller, 2005; Shane, 2003), it undermines a major motive under entrepreneurship, namely the motive of individual self-esteem and autonomy.

Exclusion and corruption

Exclusion and discrimination are a problem for Papuan entrepreneurs when they buy machinery or want to get a loan from the bank. About machinery, it often happens that they pay a higher price, and that the non-Papuan seller advises them badly or wrongly. With the result that they for example buy the wrong oil for their chainsaw, which results in damaged machinery. Regarding relationships with (bank) officials, Papuans suffer from a lack of credibility and reputation. This is, to some extent, related to the risk of investing in Papuan businesses, but is probably also related to discrimination. Furthermore, when Papuan businesses grow, they have to go along with the corruption in the system. To get things done, they have to 'pay under the table' (Papuans sometimes even more than non-Papuans). For some Papuans, this causes difficulties, because they do not want to pay non-Papuans or do not want to be part of the corrupt system. This becomes especially problematic, when entrepreneurs have to deal with formal regulations, like for formalizing their businesses.

High prices

High prices for purchased materials and products form a problem for the profitability of Papuan businesses, from the perspectives of the entrepreneurs. Support professionals frame this problem somewhat different: Papuans have difficulties in bringing appropriate margins into their prices, and therefore they experience problems when market prices rise. Price calculation itself is very difficult for many entrepreneurs (Hayward, 1983). This seems to be related to a cultural mindset where 'one' means always 'one', as in the old days of the exchange economy commodities had fixed values (Hayward, 1983). So, the sales price of a product has to be the same in the city and in the village, and entrepreneurs do not automatically adapt their prices when they have higher purchasing expenses.

3. Supporting entrepreneurship

In Papua, a number of NGO's are active in entrepreneurship stimulation.³ We collected information about different programs and the experiences with these programs, from both entrepreneurs and support professionals. The different programs are broken down into their main components. For each of these program elements, we discuss the experiences and the extent to which they help to reduce the obstacles.

Training

All support organizations provide training programs, most of them including at least training in the following areas:

- *business skills*: daily management of the business, learning the investment principle, and telling the need for discipline. An important aspect is also training entrepreneurs in calculating sales prices in relation to the costs they have made.
- *book keeping* (cash book, sales book, debit book, credit book): training in book keeping is essential to gain some basic understanding of what the financial side of doing business is about. This training is difficult, because participants have difficulties with basic math, so often much time has to be spent on learning the principles like adding, subtracting, multiplying and dividing.
- *selling products*: in these parts of the training, participants learn principles like creating margin in their prices and tactics to attract customers (e.g., being friendly). An important aspect that helps to prevent social pressure related cash outlay, as reported by bank BRI, is to train entrepreneurs to sell products only when the client pays directly (no 'sistem bon').
- *purchasing materials and products*: a major element of this part of the training is that participants learn where and how to purchase their materials and stock.
- *cooperation with other ventures*: this is about the benefits of teaming up with other (complementary) ventures.
- *basic technology or agricultural training*: most of the NGO training programs focus on a specific technology or business area, like bee culture, running kiosks, operating chainsaws, running a motor repair shop (benkel), and other areas.

As respondents report, Papuans learn best and most when they are trained in a one-to-one setting, a master-pupil relationship. Many Papuans are less trained in developing cognitive skills, and therefore they experience difficulties grasping the essence of for example bookkeeping when it is just taught classically. They learn better when they practice it a lot and are corrected on their misunderstandings. Therefore, it is important that the course setup gives learning moments where participants can learn from errors they are making and are corrected by coaching. This asks especially for an incubation set-up, where participant can learn gradually in a day-to-day work-setting.

³ For an overview, see UNDP (2007). This report, however, does not contain information about all programs, because (small) organizations without offices in Jayapura are underrepresented.

Both trainers and entrepreneurs experience the different training programs as effective; there are no negative signals. Training and education are important to help shaping an appropriate entrepreneurial mindset. In the words of one support professional: 'Education, education, education, that's where it all starts'. We can discern three effects. First, as a result of the training more businesses start. As one entrepreneur reports: 'without support, training and financing, I would never have started my business.' Second, the training is effective to increase the quality of the service or product and thus helps to sell and to keep the business running. 'Entrepreneurs now understand their machinery and the society started to grow the appropriate vegetables and plants. We also see kiosks that are running quite good.' Third, for some participants, the training is a means to become a higher position on the social ladder, by obtaining a government job.

Entrepreneurs and trainings signal that the effect of the training can probably be improved by more follow-up towards the participant. Keeping in contact with participants, providing them with tailored advice and follow-up trainings, can help to keep more businesses alive or to improve businesses. Besides that, respondents suggest improvements in the content of the training, like more attention for social aspects. Furthermore, some ask for more and better resources, like machinery, funds, et cetera.

Financing

Many support programs facilitate acquiring start capital for small businesses. Some programs have their own funds, which they exploit as micro credit programs (like YOP). These small loans have a short repayment period (one or two years) and a fairly high monthly repayment amount and interest rate (in comparison with other programs, the interest rate of YOP is very low). An alternative is that the entrepreneurs do not get credit in cash, but as inventory or stock for their kiosk. This seems to prevent quick cash outlays. Furthermore, NGO's perform a referencing function, as they introduce potential entrepreneurs at banks, often accompanied by a guarantee of the NGO. Because of the credibility of the support organization, banks will provide loans to entrepreneurs that did not get these loans earlier on. Finally, some support organizations refer entrepreneurs to governmental subsidies, where they could apply for.

Bank Perkreditan Rakyat (BPR)

BPR has started as a NGO project with credits to a group woman that sold 'pinang', areca nut. These women did not have experience with loans, so they received training about income and expenses of their household. They were also trained in money management skills. They learned how to use the surplus of their sales to save money, every day one BPR employee would visit them and collect their surplus and get the repayment for the credit. This caused that they grasped the idea and the system worked, but was too expensive. So, finally BPR collects that repayment now once a week. The initiative is now incorporated in a bank system, with four independent banks (all called BPR) cooperating with each other.

Essential to the BPR micro-credit system is:

- having a savings bank account, that separates savings from other cash;
- weekly visiting the ventures, advising them and collecting the repayments and savings;
- training both in private bookkeeping as in bookkeeping for the venture;
- when people come for an new loan, the loan officer will discuss the loan with husband and wife and estimate all private and business costs, and subsequently choose the appropriate loan.

To ensure the fitness of micro-credit programs and to increase the feeling of responsibility of the entrepreneurs, it is important to have clear and good conditions. Common conditions are: monthly repayments (BPR has even daily or weekly repayments), short repayment period, high interest rate, book keeping, pawn (BPR: the assets of the venture, like stock or building) and penalties for late or no repayment (BPR). Additionally, for some organizations (BPR, YPWD) entrepreneurs have to place their revenues on a bank account. This seems to prevent that entrepreneurs spend the work-capital on social expenditures or daily expenses.

As we already saw, for all entrepreneurs capital is the first condition to start a business. Therefore, providing access to capital is an integral part of entrepreneurship support, and effective to stimulate starting businesses. The reverse side of providing capital is that it could trouble the motives for starting a business, because entrepreneurs could see the capital they can obtain by loans, gifts, or subsidies as the major goal to start a business.

It is essential for healthy financial support that the conditions for providing capital stimulate entrepreneurs to become independent rather than being dependent on loans. Furthermore, financing programs should take into account the social context of Papuan entrepreneurs. As these entrepreneurs do often not separate private and business cash flows, the loan system and bookkeeping should try to deal with this issue to prevent failures that can be expected. BPR seems to have an effective structure in this respect, see also Box 2.

Network development

Developing a network is important to have access to capital, to purchase materials and products and for sales. Regarding capital, we already discussed the referral function that many support organizations perform. About purchasing, support organizations have an important role to advise entrepreneurs where to buy their materials. In some cases, it is necessary to help buying materials, because the materials have to be obtained outside Papua or in different parts of Papua, where the entrepreneurs do not have access to. With regard to sales, the support organizations often help to create access to the market and to build a clientele. For example, YOP helped building a clientele for a bakery by sending emails to all western people in Wamena.

The entrepreneurs and support professionals evaluate this support as being effective. There is, however, a reverse side to this support, as using the network of the support organization often causes that the entrepreneurs is fully dependent on this network and does not develop its own network. For example, the clients of the bakery are all related to YOP. Because this network is limited as well, the venture does not grow and has no incentives to grow its market, because sales are more or less stable.

Transport

Some support organizations provide transport support to enable entrepreneurs to ship their goods to the most appropriate market. With this goal, YPMD operates a truck for bringing vegetables from villages to the market in Abepura. And YOP facilitates flying goods and vegetables from different villages around Wamena to the city or to other villages. The entrepreneurs and support professionals evaluate the effectiveness of these programs as good, although there are still running obstacles. The most important obstacle is the

awareness under villagers of the added value of shipping goods to other markets, and they sometimes do not know the possibilities. Furthermore, villagers have problems with providing the freight at the right time, with the result that it sometimes went wrong.

How does the support reduce the obstacles?

In Table 4 we display how the support programs reduce the obstacles to entrepreneurship.

Table 4: Support programs in relation to the obstacles

Obstacle	Support	Observation
Social structures	Training: selling products. Financing: also calculating private expenses (BPR); mandatory savings system (BPR).	Cultural change is the most difficult aspect. Most programs do not explicitly deal with problems related to social structures.
Capital, bookkeeping and savings	Financing	All entrepreneurs get financial support. Problem: could create support dependency.
Motivation, discipline and focus	Training: business skills.	Most programs contain a part devoted to motivation, discipline and focus, but it can maybe be more concentrated.
Transport	Transport	Awareness creation about the possibilities and creating discipline is needed.
Mindset	Training (i.e., bookkeeping)	Education in bookkeeping is targeted to give feeling for the principles of business, but it is worth thinking of other ways to develop a more business minded mindset.
Exclusion and corruption	No.	Unchangeable condition on short-term.
High prices	Training: business skills	Follow-up advice and trainings can maybe reduce this problem.

Success factors for support

The respondents noted a number of factors that seem to influence the success of support of entrepreneurship of Papuans. We list these factors below.

- *Women:* women are often more successful entrepreneurs because they traditionally do the major part of the household. 'When the men fail, the women can at least go to the market and sell their vegetables. The children are closest to their mum and will help her.'
- *Distance to family:* people who live apart from most of their family receive less claims for giving goods and money.
- *Mixed tribes:* couples consisting of a husband and a wife from two different tribes, with different habits, can better deal with social pressure. This is probably also related to distance to at least one of the families.
- *Ventures close to culture and nature:* ventures that are close to the activities Papuans run for long times, are more successful. Figure 3 contains a list of these ventures. These businesses are also closely related to nature.

- *Family support*: obviously, entrepreneurs that are really supported by their family, have more chance to be successful.
- *Mindset change*: entrepreneurs who recognize the social pressure problems and have learnt to deal with their family relationships are more successful. Some of the interviewees tell that they have decided to be very strict in who and for what they give money or goods, furthermore they hide their property for family (cf. Mueller, 139, 140).
- *Persistence in support*: entrepreneurs who have learned from failure, are often more successful entrepreneurs than people who start for the first time.

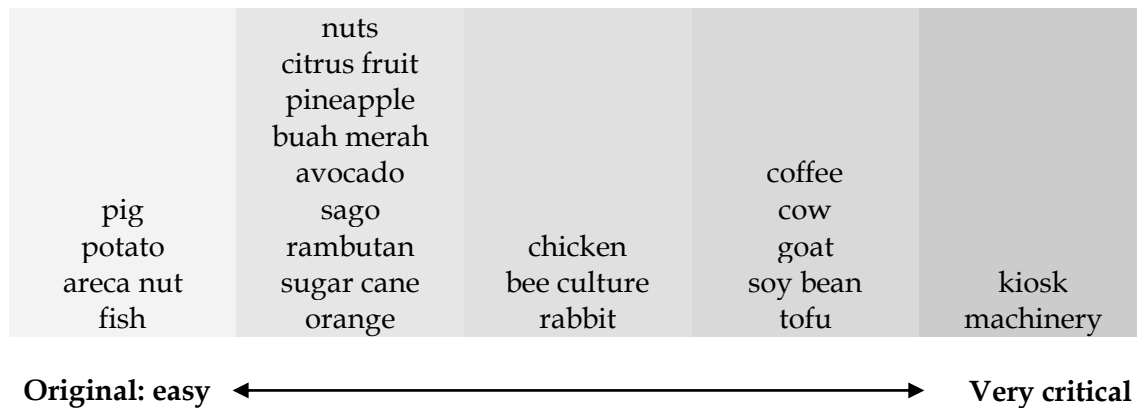


Figure 3: Classification of products for Papuan entrepreneurs

4. Conclusions and recommendations

Our investigation of Papuan entrepreneurship and support for entrepreneurship brings forward that there are two main obstacles that need the most attention (without neglecting the current programs):

- cultural issues like social structures, motivation;
- knowledge and expertise of business in order to shape an entrepreneurial mindset.

In order to deal with these two issues, we give a number of recommendations, drawing on our data and also based on (general) entrepreneurship literature.

- *Create and cultivate role models (agents of change).* As the major challenge is to shape an entrepreneurial culture, it is needed to think about means that explicitly help in this respect. One of these is the creation of 'role models' (Venkataraman, 2004), Papuan entrepreneurs that are good in doing their business and still are living within their community. These people can have an enormous impact on changing values. Therefore, try to create a number of these in different businesses and cultivate these exemplars.
- *Screen entrepreneurs on their potential,* taking into account the success factors and failure factors. Subsequently, adapt the support to the potential of the entrepreneur. For example, entrepreneurs with traditional values and a high social environment can better start with a business that is close to the old manners (see figure 3), because more ventures that need stock keeping or replenishment are difficult as are businesses involving high maintenance or replacement costs.
- *More attention to private book keeping and savings.* As the BPR example seems to work, because it deals in a very practical manner with the social pressure issue, this could be a good practice that could inspire other micro-credit and bookkeeping programs.
- *Follow-up for trainings.* As a number of entrepreneurs and support professionals remark, follow-up needs assessments, advice and trainings could improve the effect of trainings, prevent motivation decrease and improve venture's health. By creating learning moments directly related to their day-to-day business practice, entrepreneurs will probably more and more internalized a business mindset.
- *Include more attention to social and cultural aspects in the trainings.* Currently, there is attention to these aspects, but maybe this can be elaborated, also taking into account how to present these topics convincingly. Maybe, role plays would work to bring it to the heart of the participants. Here, also attention should be paid to the practice of laying curses on the business, maybe in consultation with church pastors.

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Appendix A: Respondents

Table 5: Respondents support organizations

Organization	Type of data	Location
YOP Program Nasihat perdagangan desa	Survey	Wamena
YOP program Sayap-sayap	Survey	Wamena
YOP program Pass-Valley	Survey	Wamena
YOP program Benkel	Survey	Wamena
YOP Incubator	Survey	Wamena
Mike Zeydel	Survey + interview	Jayapura
PLKK	Survey	Jayapura
Uncen 1	Survey	Jayapura
Uncen 2	Survey	Jayapura
Uncen 3	Survey	Jayapura
Uncen 4	Survey	Jayapura
Yaper	Survey + interview	Abepura
YPMD	Survey + interview	Abepura
P3W	Survey	Abepura
BPR	Survey + interview	Sentani
LPLS	Interview	Wamena
Dinas KUD	Survey	Wamena
Bank BRI	Survey	Wamena
Lipi	Survey + interview	Wamena
Obambo	Interview	Wamena
Hilco de Haan (ZGK)	Interview	Sentani
Heidi Scheuneman	Interview	Waena
Peter Kaenaree (World Vision)	Interview	Jayapura
UNDP	Interview	Jayapura

Table 6: Respondents entrepreneurs

Entrepreneur	Type of data	Location
Bapak Dan (kiosk)	Interview	Pass-Valley
Topilus Sambom (kiosk)	Survey	Pass-Valley
Manuel (CV Puncak Sahya Idefa) (construction)	Interview	Wamena
Dionius (chainsaw)	Interview	Wamena
Yortina Doga (pisang molen)	Survey + interview	Wamena
Yangguk (rotan furniture)	Interview	Wamena
Daniël (tahu, chicken)	Survey + interview	Wamena
Mina (bakery)	Interview	Wamena
Yohannes (CV Palapa Nusantara Teknika, non-Papuan business)	Survey + interview	Abepura
Mega (non-Papuan business, interview with owner and with Papuan employee)	Interview	Abepura